

Industrial Relations in Private Sector Enterprises in Post-liberalised Era: A Sociological Study on Jai Balaji Industries Limited, Durgapur, West Bengal

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ABSTRACT

With the advent of globalisation Industrial Relations (IR) in both Public Sector Units (PSUs) as well as in Private Sector Enterprises (PSEs) have changed radically. Due to structural changes in the industrial domain of different magnitude across the world along with technological development, industrial relations in both public and private sectors have changed its nature. In the present study researcher has taken one private sector enterprise to analyse the fact of change in industrial relations in post liberalised India. By using mixed research methodology the researcher is able to analyse post liberalised scenario of industrial relations in the company with major changes. Management use "hire and fire" as and when it is needed and most of the workers are facing the risk as well as advantages of liberalisation. Trade unions are engaged in fighting with each other for pushing their members as casual labour but in the process of vital decision making they have lost their traditional power.

Keywords: Industrial Relations, Liberalisation, Hire and Fire, Trade Unions, Structural Adjustment Programme.

Introduction: Industrial relations, the relationship between trade unions and management, have undergone a drastic change in post-liberalized India due to the introduction of Structural Adjustment Programme (SAP), implementation of New Economic Policy (NEP) as well as the announcement of New Industrial Policy (NIP) in July 1991. In this new era of 'market globalism' economies across the world have experienced structural changes of different magnitudes. Rapid technological development and globalization have allowed little or no space to national or local economies to remain outside the purview of disorganized capitalism and world market. In the pre-liberalized era Government of India had followed the path of mixed economy with huge investment in the public sector units (PSUs). To many, such 'over protectionism' was unhealthy for the growth of competitiveness and quality maintenance particularly in the public sector. Hence the major objective of the New Industrial Policy was to integrate the Indian industrial and financial sectors with the global market through relaxation of state control over industry and finance. The new policy highlighted the need for privatization of public sector organizations, modernization and technological change, training of manpower and up-gradation of skills, professionalization and competitiveness including the rehabilitation or reengineering of sick industrial units. These dimensions were neglected in the previous era of 'controlled industrialization'. Government played here a dual role as a leading actor in Indian industrial relations. On the one hand it has played the role of an initiator of policy making and on the other as an employer by setting up public sector units (Monappa, 2006). Apart from that Government also played double role in making the connection between management and employee through initiation of various schemes and set up different organizations such as Labour Commissioner's office to resolve industrial conflict (Monappa, 2006).

Objective of the Study:

The basic objective of this research is to investigate into the changing scenario of industrial relations due to the introduction of LPG model of growth. This model has reassessed the importance of factors like human relations, employee involvement, skill level, trade unions activities, participatory decision-making process etc., within an industry. The questions that arise in this context are: How do reengineering and technological changes within workplace influence trade unions activity? What kind of role trade unions are now playing to make their presence felt? Do workers still consider unions as 'powerful'? What factors play crucial role in deciding the employer-employee relationship? Are the workers satisfied with their new role? How do managers view the role of trade unions and workers in company management? This research would attempt to examine and evaluate these and many more related questions to delve deep into the nature of industrial relations in private sector industries in contemporary West Bengal.

Methodology of the Study: I have used mixed research methods in this research because of the complexity of the subject industrial relations. This research has been conducted as a longitudinal study which was started in 2009 and completed on 2015. Repeated interviews were carried out for better understanding of the subject. 50 employees, both executive and non executive, were selected through stratified random sampling and they have been interviewed repeatedly for getting more reliable information. Qualitative data also been collected through in-depth interviews and focused grouped discussions.

Relevance of the Study – Government of India adopted structural adjustment program as result of crisis in balance of payment and take the path of economic liberalisation from 1991 which affected both public sector units and private enterprises in India. In West Bengal also the effect of liberalisation is very prominent in various public sector units and private enterprises. Many public sector enterprises declared sick and heavy retrenchment have been done as an effect of new economic policy 1991 such as Alloy Steel Plant, Durgapur, IISCO Steel Plant etc. In the present research researcher would try to explore the real fact through empirical observation in a private sector units.

Research Question – On the basis of the above discussion researcher set a research question for the present study the answer of which would probably justify the research. Whether the change took place in industries of West Bengal in general and this Private steel plants where the present research has conducted in particular due to introduction of liberalisation in India has affected positively or negatively from the point of view of the industry as a whole and from the worker's point of view.

Conceptual Clarification:

For any kind of research conceptual clarification is essential as concepts are the building blocks of theory which can justify the whole research. In simple term concepts are thoughts or ideas which have been obtained from experience or created through the process of generalization. By using different concepts, social scientist seeks to analyse social phenomena and classify objects of the observable world. They also impart meaning to these phenomena and on the basis of observation formulate higher level propositions (Scott & Marshall, 2009). In sociology concepts are abstract ideas of social reality created out of experience and research and expressed through language. Concepts are often categorised on the basis of the degree or level of appropriation and then it can be termed as variable. Hypothesis of any research have been prepared by making relationship between variables. In this research researcher try to clarify some of the related concepts which have direct relevance to said study for the purpose of explaining the present research objective and research problems because research problems have been derived from the analysis of a series of significant and relevant concepts.

Industrial Relations (IR)

Industrial relations is an ongoing socio-economic process. It is dynamic too because the relationship which exists between labour and management is always changing. In a restricted sense IR can be defined as the relationship between representatives of employees and representatives of employers (Venkata Ratnam, 2010, p. 22). This definition is narrow in the sense that it could not explore all aspects of work or work related matter within an industry. The term industrial relations can be used in any industry or in the manufacturing sector where trade unions are recognized. "Industry means any business, trade, undertaking, manufacture or calling of employers and includes any calling, service, employment, handicraft or industrial occupation or avocation of workmen" (Garg, 2007) IR is a power relationship between representative trade unions and management within the wider purview of government which is a law making agency and which can indirectly control the whole process of industrial relations from outside by providing various laws related to labour, wage, industry, employment, safety, security, grievance etc.

Structural Adjustment Programme (SAP)

SAP was introduced by World Bank and later on IMF (In the year 1986 onward) also took the path of structural adjustment for disbursing loan to different countries. It is an adjustment program imposed on those countries to get heavy amount of loan for their own development. SAP is a set of programs which make it possible for countries to get a loan from IMF or the World Bank (Oberdabernig, 2015). These loans are connected with some conditionality related to policy reforms which have to be complied before getting the loan (Abugre, 2008). SAP was introduced as a response to two oil crisis in 1973 and 1979-80 (Chatterjee, 2014). The main objective of SAP was to promote Liberalisation, Privatisation, and Globalisation conjointly known as LPG model through structural reforms. India had to take the path of economic reforms in various economic sectors as a result of structural adjustment imposed for taking loan from World Bank.

New Economic Policy (NEP): New Economic policy is a blend of various economic reforms which was introduced by India government in response to the crisis of balance of payment from July 1991.

New Industrial Policy (NIP): Government of India announced New Industrial Policy on July 24, 1991, to accelerate the de-regulation process of industrial economy but as an after effect of this policy role of public sector has been weakened and this policy has abolished licensing system except some top priority industries.

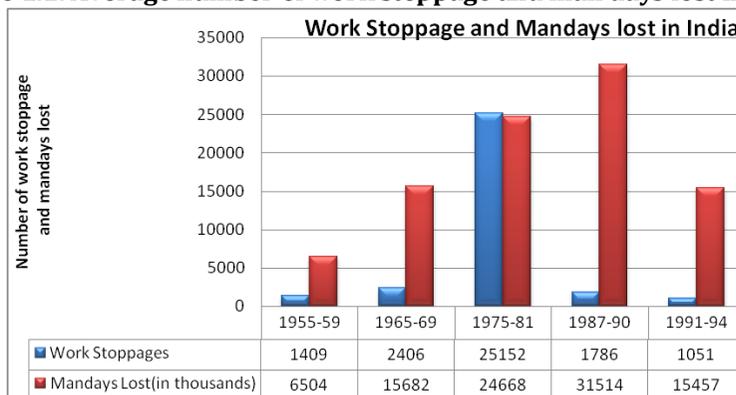
Nature of Industrial Relations in Pre-Liberalised India and West Bengal

After independence, Industrial Dispute Act, 1947, was enacted in the field of industrial relations. Indian Labour Conference (ILC) was also set up in the period to look into problems of industrial relations in India. Its main objective was to establish co-operation between the government, employers and the trade unions. In the post- independence period government’s attitude towards labour problems was positive. Many labour laws were enacted to protect the interest of labour during 1947 to 1956, including wage rates, paid holidays, disciplinary matters, social security, etc. The Industrial Dispute Act, 1947, was a crucial piece of legislation with the aim of speedy resolution of any conflict between labour and management through conciliation, arbitration and adjudication. Several laws were enacted in pre-liberalised period with the aim of strengthening trade unions, improving wage, job security and other benefits. At the same time to cut the cost and reduce the pressure of organized labour movement employers have also developed several contrary tactics and stratagems like –

1. Maintaining illegal or ‘Benami Units’;
2. Maintaining two sets of record books (one for themselves and another adjusted set for the government officials);
3. Keeping the workshop officially small;
4. Employing temporary & casual workers;
5. Sub-contracting work orders to informal units;
6. Sponsoring ‘dalal’ unions.

It is evident from various secondary sources that industrial relations in pre liberalized India was not harmonious and peaceful hence not very conducive for industrial development of the country. Findings from secondary sources show that average number of work stoppages and man day’s loss was very high in between 1955 and 1990. It is clear from the figure 1.1 that after 1965 loss of mandays increased and in between 1975 and 1981 both work stoppages and mandays loss was in the highest level. Number of strikes in India was also very high in pre liberalised period. From table 1.1 it is evident that before 1975 rate of strike was very high and up to 1991 it was high but comparatively lockouts rate was low and it gradually increased in between 1961 and 1991.

Figure 1.1: Average number of work stoppage and man days lost in India



Source: ILO, Yearbook of Labour Statistics, Various Issues

Table 1.1: Strikes and Lockouts in India

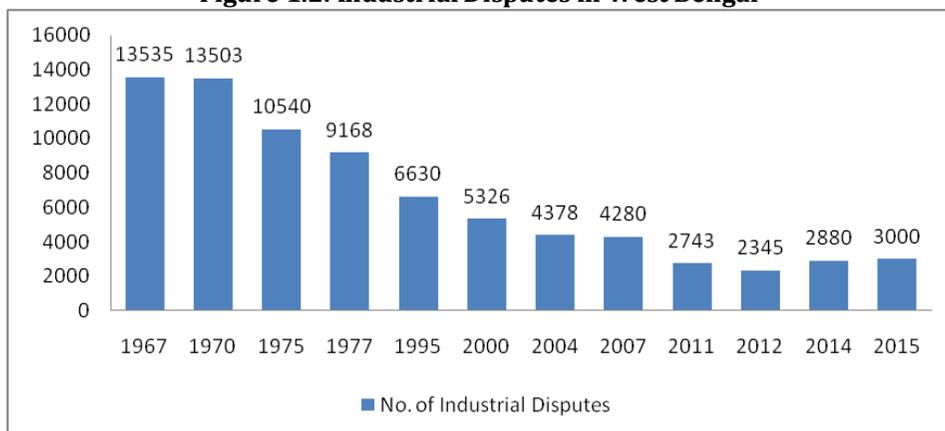
Year	Strikes	Lockouts	Gheraos
1961	1240	117	82
1966	2353	203	6
1971	2478	24	41
1975	1644	299	34

1976	1241	218	9
1987	1348	451	4
1988	1304	441	-
1989	1397	389	1
1990	1459	366	-
1991	1278	532	4
1992	1011	703	1
1993	914	479	-
1994	808	393	3
1995	732	334	1

Ref: (Ramaswamy, 2000, p. 135) and yourarticlelibrary.com/industries/industrial-disputes-in-India-useful-notes/35452

In West Bengal also industrial relations was not very good in pre-liberalised era due to tradition of militant trade unionism. Industrial disputes were very high in West Bengal in between 1967 and 1977 as a result of the existence of multiple trade unions and intra union as well as inter union rivalries. Interference of mainstream political parties from outside made the overall situation worst and hence pre liberalized industrial relations may not be considered as harmonious and peaceful from any angle. From Figure 1.2 it is evident that number of industrial disputes was also very high during 1967 and 1977 and it continued up to 1995.

Figure 1.2: Industrial Disputes in West Bengal



Source: Governing West Bengal, 1967-77, Chapter 6, page 239, Shodhganga and Labour in West Bengal 2004-2015.

Industrial Relations in Post-liberalized Period in India and West Bengal

In 1991 New Economic Policy was introduced which have threatened the interest of the Indian worker and their unions by creating more competitive situation. The employers were allowed to practice 'hire and fire' rule in this new era because liberalization has ensured the victory of 'market' over 'society'. Voluntary Retirement Scheme (VRS) and the exit policy were being indiscriminately adopted in the name of efficiency. Nearly 4.5 lakh workers in the organized sector have already lost their jobs till 2001. Apart from VRS many other early retirement schemes like VSS (Voluntary Separation Scheme) or CRS (compulsory retirement Scheme) have been adopted as a major cost cutting measure in the private sector. As a result industrial disputes in post liberalized India gradually declined along with number of mandays loss (see table 1.2) which may be considered positive from industrial relations point of view.

Table 1.2: Industrial Disputes in Post-liberalised India

Year	No of Disputes	No of workers Involved ('000)	No of Mandays Lost('00000)
1991	1810	1362	264
1998	891	1106	173
2005	456	2913	296

2006	430	1810	203
2007	389	724	271
2008	421	1579	174
2009	345	1867	176
2010	371	1074	231
2011	370	734	144
2012	318	1307	129
2013	258	1838	193
2014(P)	287	1158	110

Source: Indian Labour Year Books, Various Issues

Table 1.3: Industrial Disputes in West Bengal

Year	Number of Disputes		Number of man-days lost (in millions)	
	Strikes	Lockouts	Strikes	Lockouts
1995	33	136	1.25	5.25
1996	17	144	1.67	10.47
1997	29	161	.62	7.64
1998	25	213	.22	11.35
1999	34	264	3.90	17.77
2000	27	286	3.11	16.06
2001	20	305	1.37	19.88
2002	30	346	1.19	20.68
2003	32	351	1.55	24.81
2004	20	354	1.77	24.95
2005	26	357	3.11	22.33
2006	9	265	0.24	18.75
2007	11	276	13.35	17.14
2008	12	260	3.80	15.70
2009	11	268	4.04	14.32
2010	15	269	9.38	15.19
2011	5	276	0.06	14.87
2012	NA	269	NA	3.59
2013	1	294	0.005	15.70
2014	0	297	0	15.03
2015	314	320	0.615	17.62

N.B: Figures for 2015 are provisional.

Source: Department of Labour, Government of West Bengal, Annual Report Various Issues

It is evident from the above table (see Table1.3) that industrial relations in West Bengal has improved in terms of industrial disputes since 2006. Government of West Bengal also claimed in their annual report that industrial relations in West Bengal has improved significantly as a result of the changing attitudes of trade unions and management. Due to implementation of New Industrial Policy trade unions of both public sector undertakings and private sector enterprises of West Bengal have understood the problem of survival in this competitive market and adopted the strategy of mutual negotiation which has drastically reduced industrial disputes in West Bengal and as a result industrial relations has improved much.

Jai Balaji Industries Limited: Jai Balaji steel plant is situated in greater Durgapur, West Bengal at the bank of the Damodar River. The company established in 2005 which was an after effect of New Industrial Policy

Resolution 1991 in general and National Steel Policy 2005 in particular because it gave importance to establishment of private sectors for making steel at low cost. Durgapur is a suitable place for production of steel because of some location advantages and communication advantages. This place is close to raw materials needed for the production of steel and connected with other parts of India through rail and road. It is observed from various Annual Report of Ministry of Steel that growth of private sectors in steel production has increased significantly after 2005. In 2005 production of crude steel by private sector was 27.53 million tonnes whereas in public sector it was 15.91 million tonnes but in 2016 total production of crude steel has increased to 71.87 million tonnes but public sectors remain in 17.992 million tonnes (MOS, 2017). At present Jai Balaji Industries Limited has nearly 2600 employee works in Jai Balaji Industries Limited including casual workers but researcher has faced great difficulty in finding out the actual figure of labour force in the industry under study because management was not willing to hand over the real figure of labour force. There are three registered trade unions – CITU, INTUC and INTTUC. In company like Balaji Steel plant there is hardly any scope for representative trade union election.

Major findings of the study:

- Management is the sole decision maker of the company and they exploit the labour force through the system of production process. Only few technical staff has been appointed on permanent basis and they get their salary on the basis of their bargaining capacity otherwise maximum of the employees have joined the company on temporary basis and they have been terminated after certain period. Temporary and casual staffs are low paid worker with huge work load and they also did not get extra wage for taking extra load. By doing this workers of the company have been exploited and trade unions have no role to play in this regard because some of the trade union leaders have been gloves in hand with the company and others are not so powerful.
- Company provides various types of welfare facilities to the workers but in comparison to public sector units these are not adequate. Company provides canteen facilities but that are not subsidized. Company does not provide special transport facilities to their workers. It has no separate school for providing education facilities to the children of the workers nor does it have any separate housing complex for the workers. Management says that everything is included within their salary and it is termed as 'Cost to Cost' approach. 55 percent respondents of Jai Balaji Industries Limited have said that they are satisfied with the welfare facilities given by the company because they have been informed at the time of joining.
- As per the norms company has established works committee, shop floor committee, and other forum where workers can participate in the decision making process. But in reality ultimate decision are taken by the higher management. Authority says that due to these democratic system industrial relations in the company is harmonious and peaceful. 63.25 percent respondents of the company have agreed with the fact that workers have the option to participate in the management process and industrial relations is harmonious and peaceful.
- Casualisation and subcontracting strategy have been indiscriminately used in the company for making more profit.
- 79 percent respondents have said that trade unions have revised their role from power holder to weak bargainers and today they have played minimum role in collective bargaining process.
- Today trade unions are more defensive because of loss of power and they could not hold their old tactic and stratagems. They now have changed their old stratagems and practice gate meeting at lunch break, wear a black badge during work, and try to involve people in their movement etc.
- 82 percent respondents have said that grievance cell of Jai Balaji Industries Limited works properly in mitigating various types of issues.
- Leaders of trade unions of Jai Balaji Industries Limited have opined that for smooth running of the company and for long term profit unions are always cooperate with the management.
- From focused group discussion it is informed that management of Jai Balaji Industries Limited is very powerful and hence each and every employees of the company always try to follow the rules, regulation and code of discipline of the company because any kind of distortion may lead to heavy punishment or termination from job.
- Management prefers hard working and enthusiastic staff for better work and excess production so that they can reach their goal. From in-depth interviews it reveals that they have trust on their employees and on their skill which may be the main source of harmonious and peaceful industrial relations.

Conclusion:

The subject industrial relations is very complex in nature because one can't find it separately in any industry rather it should be perceived through other parameters like incidence of industrial disputes, relationship between trade unions and management, work culture, available welfare facilities, collective bargaining, misconduct, workers participation in management, code of discipline etc. In this study mixed research method has been applied for better understanding of the subject which includes both quantitative and qualitative research techniques. As the subject industrial relations is very much qualitative in nature I have given more importance on the perception of the employees to understand industrial relations in Jai Balaji Industries Limited. I have design the whole research from longitudinal perspective for collecting data regarding industrial relations from the selected employees repeatedly which makes the data more reliable. In this research I have faced some problems in collecting raw data about the company because both management and employees of Jai Balaji Industries Limited were not willing to produce data about the company at the first instance because of distrust and I had to make rapport with them and in 2nd and 3rd phase I was able to collect accurate information from them. It is observed from the study that in post liberalised period government has given much importance to private sector steel industries to compete in the global market and to follow the path of competitiveness, private steel industries invented some short of strategies which would be effective for their own development as well as the development of the country as a whole. As a result of economic reforms and introduction of new industrial policy, trade unions have lost their traditional power and management become more powerful. In Jai Balaji Industries Limited it is found that trade unions can exercise their power only in pushing casual staff in the company. Other than these in every sector management has the full autonomy to take decision. In collective bargaining process also real power exist at the hands on management. From trade unions point of view they have modified their role and cooperate with the management for smooth running of the business. Study reveals that in this era trade unions have detached themselves from long term movement and tried to help workers from different angle because they know that long term protest movement may lead to permanent close down of the company. In this situation management have got upper hand and exploit the work force but workers have nothing to do except to leave the job. In Jai Balaji Industries Limited it is found that management is not so much exploitative in nature and they try to accept workers participation in the decision making and make industrial relations peaceful and harmonious. They provide basic facilities and remuneration on time and create a relationship of trust which may be the main source good work culture and peaceful environment inside the plant.

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